



BUSINESS TECHNOLOGY LEADERSHIP

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AND YOU**

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» Four myths debunked

BY STEPHANIE OVERBY

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CIO Michael Jones
calls his strategic
plan "the business
case for IT."



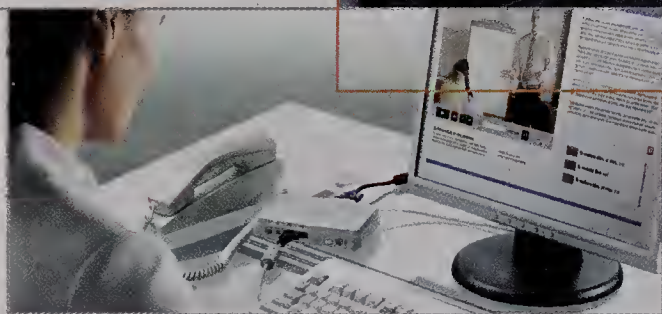
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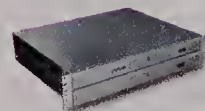
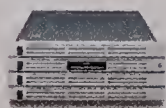
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IT SERVICES AND SOFTWARE ENTERPRISE NETWORKING AND COMPUTING SEMICONDUCTORS IMAGING AND DISPLAYS

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As CIO of Harvard Medical School and the CareGroup system of four hospitals—not to mention having a family, passionate rock-climbing and wine-making hobbies, and a major-league blog habit—John Halamka is one busy guy. In his Q&A with CIO.com, he discusses his celebrity turn in a BlackBerry ad, how the experience helped him crack the nut that is Britney Spears, his tips for e-mail triage and how he gets by with only three hours of sleep a night.

» www.cio.com/article/170750

[DATA POINT]

It Pays to Worry Less About Wall Street

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www.cio.com/article/172901

[MACWORLD]

What Apple's Doing That You Should Know About

Apple's offerings traditionally are considered consumer products. The exhibit hall at this year's Macworld conference, however, had a stronger business influence, with hardware and software that may excite even the most buttoned-down corporate IT departments.

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The New Face Time

Social networking isn't just for kids anymore



I love Facebook. I loved it right away, too. And that surprised me. I'm basically an introvert (INTJ, for anyone into Myers-Briggs), so why would I be interested in Facebook, or Twitter, or anything that exposes my thoughts and actions beyond the most controlled of one-on-one interactions?

Three reasons:

1) Communicating and interacting with friends and colleagues, people I trust, whose interests I share and whose company I enjoy; 2) Creating a space where I can collect and access all my interests and personal "stuff" for my own benefit; 3) Harnessing the power of the network by connecting with others who share my interests but with whom I might not otherwise become acquainted.

After being on Facebook for a while, I started joining groups. Some of them focus on my interest in business technology, some on journalism and media. Groups provide me with another way to access useful information and extend my network. But to date there's been no easy way to find and connect with some of the people I'm most interested in: CIOs. So my colleagues and I created a new Facebook group, the CIO Forum, where we can connect and interact with the CIO community and, more to the point, where the community can connect and interact with itself.

Membership is open to IT and business executives and managers; academics who work at the intersection of business and technology; and executives and managers at technology companies who do not work in sales, marketing or PR. We are not accepting consultants, recruiters or technology salespeople/marketers.

It's easy to join: First set up a Facebook profile, then search "CIO Forum." Look for the big, red CIO logo and click on the "request to join" link. We'll share our favorite articles in the CIO Forum, along with what we think are interesting video clips, photos and links. We'll start discussions and create an environment that reflects your interests, so let us know what you'd like to see there.

Because we know Facebook isn't for everyone, we've also started a CIO Forum on LinkedIn. If you'd like to join that group (same criteria), e-mail your name, title and company to Michael Friedenberg, our CEO, at mfriedenberg@cio.com. (That's how much he's into this social networking stuff; he's fielding the requests himself!)

Hope to see you soon in the CIO Forum!

Abbie Lundberg, Editor in Chief
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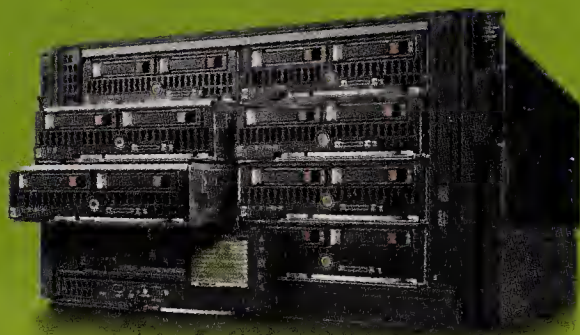


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Boys Without Girls

Without gender balance, your enterprise is hobbled



The world's population is split evenly among men and women.

But not in the tech world, which skews heavily toward men. For example, men account for 79 percent of *CIO*'s audience. And they probably make up most of your staff. No surprises there.

What may surprise you, however, is that one major corporation annually recruits women to comprise almost 40 percent of its new college engineering hires.

I read recently about these hiring practices led by Sophie Vandebroek, CTO for Xerox, and I spoke with her to find out how, and why, she does it.

Vandebroek told me that for decades, Xerox has had a commitment to diversity in the workplace. But even with that commitment, five years ago only about 10 percent to 15 percent of the company's new college engineering hires were female.

So she and her team set out in 2002 to change that ratio. And man (or should I say woman?), did they ever.

Their effort is based on a simple plan that stresses proactive campus recruiting (often led by a senior female tech leader) coupled with a comprehensive summer internship program also focused on reaching out to women.

Besides making sure boys and girls can play together on the softball team at the annual summer outing, what's the value add, and the key business drivers, that lead Xerox to invest in building a more gender-balanced tech workforce?

Vandebroek maintains that "an inclusive environment allows Xerox to be more innovative. Our global customers are from diverse cultures worldwide, and many are women. It's essential to have the female and global perspective represented in our products and services."

For me, the key words are "inclusive," "perspective" and "innovative." As the readers of this magazine and website create a more gender-balanced workforce, the better their perspective on their customers' needs will be and the more innovative their solutions will become.

As an added benefit, hiring more female tech workers just might inspire young women in middle school classrooms across America to emulate careers like Sophie Vandebroek's.

And that's a good thing.

Gary Beach, Publisher Emeritus
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NEW * HOT * UNEXPECTED

Wi-Fi Nightmare Virus

WIRELESS Criminals who target unsecured wireless routers could launch a potential attack that piggybacks across thousands of Wi-Fi networks in urban areas like Chicago or New York City, according to researchers at Indiana University.

Such a Wi-Fi attack could take over 20,000 wireless routers in New York City within a two-week period, with most of the infections occurring within the first day.

"The issue is that most of these routers are installed out of the box, very insecurely," says Steven Myers, an assistant professor at Indiana University, who published a paper on the subject along with researchers

from the Institute for Scientific Interchange in Torino, Italy.

An attack of this kind would work by guessing administrative passwords and then instructing the routers to install new wormlike firmware. This in turn would cause the infected router to attack other devices in its range. There are many closely connected Wi-Fi networks in most urban areas, so the attack could hop from router to router for many miles in some cities.

To track a potential attack's growth, the team used the Susceptible Infected Removed model. This methodology is typically used to estimate things like *Continued on Page 12*



How to Use Facebook (Safely) at Work

SOCIAL NETWORKING Facebook has more than 60 million users; chances are, your employees are among them. Now WorkLight's WorkBook tool allows them to share project information and personal expertise over Facebook.

Don't worry. Corporate data isn't visible to Facebook members outside the organization, nor does it ever live on Facebook's servers, says David Lavenda, VP of marketing and product strategy for WorkLight. When staffers log on to Facebook, they must type in a corporate user name and password to access the data.

"The more we talked to companies, it became clear that collaboration and

social networking is really important to them," Lavenda says. "Some had tried to build something internally. But they can't get their employees to adopt [it] because people like the tools they're using."

A recent survey by Nucleus Research found that 40 percent of the workforce accesses one or more social networking sites regularly. Lavenda believes WorkBook could have benefits for large enterprises with distributed workforces.

"Allowing people who are geographically remote but doing similar jobs to talk with each other [over Facebook] is very valuable," he says. "We can provide that for them securely." *-C.G. Lynch*

CORRECTION

In the From the CEO column in the Jan. 15 *CIO* ("HP's Evolution"), Hewlett-Packard's ranking among software companies was listed incorrectly. HP is the sixth-largest software company in the world, according to IDC, a sister company to *CIO's* publisher.

Who's Scanning Whom?

RFID Scanning this magazine in your doctor's office? Next time it may be scanning you.

Measuring magazine readership in medical offices and other waiting rooms has long been the holy grail of print publishers. Now their quest may be over: Mediamark Research & Intelligence (MRI) plans to use radio frequency identification (RFID) technology to monitor what happens when you pick up a back issue of *People* in the waiting room.

The project is a joint effort between MRI, DJG Marketing and Waiting Room Subscription Services (WRSS). It aims to determine whether the WRSS's RFID-driven passive print monitoring system can reliably measure "the total time spent with a specific magazine issue, the number of individual reading occasions and, potentially, reader exposure to individual magazine pages," according to MRI.

The real-world testing follows a year of laboratory testing. Jay Mattlin, senior vice president of new ventures at MRI, says the system needs testing "in a nonlaboratory setting to determine how well it holds up in this important reading environment." For the lab, MRI created an "intelligent" magazine prototype (containing the passive print measuring system) that tracks reader activity with designated pages. An RFID tag attached to the magazine signals a tag reader each time one of the designated magazine pages is turned, according to MRI. The system also records the times of these activities.

The system correctly identified magazine openings and closings 95 percent of the time in internal tests. But given "the complexity of measuring a nonelectronic medium, like magazines, with electronic signals, it's going to take a while before we have a firm grip on the full potential of RFID with regard to magazine audience measurement," says Mattlin. —Thomas Wailgum

Vanity, Thy Name Is Google

INTERNET Googling yourself again? Turns out you're not alone. Self-googling by adult Internet users is up by 25 percent since 2002, according to a study by the Pew Internet & American Life Project. So go ahead and look. Just don't let the boss catch you.



- 74%** Self-searchers who looked for themselves online just once or twice
- 22%** Those who say they monitor themselves just every once in a while
- 3%** Folks who can't help checking themselves out on a regular basis. You know who you are. *Just move away from the monitor...*

SOURCE: Pew Internet & American Life Project

Wi-Fi Nightmare

Continued from Page 11

influenza outbreaks, but it has also been used to predict computer virus infections, Myers says.

The researchers did not develop any attack code to test this scenario. However, they think it's possible to write code that guesses default passwords by first entering the default administrative passwords shipped with a router and then trying a list of one million common passwords. They believe that 36 percent of passwords can be guessed this way. Even some encrypted routers could be cracked, if they use the popular WEP (Wired Equivalent Privacy) algorithm. Routers using the more-secure WPA (Wi-Fi Protected Access) standard were considered impossible to infect.

Myers's model is based on data from the Wireless Geographic Logging Engine, an effort to map Wi-Fi networks worldwide. Using this data, the team mapped large networks of Wi-Fi routers that were each less than 50 yards from the network, close enough for an infection to spread. The largest such network in New York included 36,807 systems, in Boston it was 15,899 and in Chicago, 50,084.

New York is a dense city with a relatively low percentage of encrypted routers (26 percent, according to the researchers), so it is particularly susceptible to this type of attack. San Francisco is less vulnerable since 40 percent of routers are encrypted and it has a lower density of routers.

Such an attack would be technically complex, so criminals are unlikely to attempt it any time soon. Still, Myers thinks hardware makers should take note: "The bigger point for developers and people making wireless information technology is to realize that there are serious security issues."

—Robert McMillan

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*Wireless WAN not available on all models.

Four Tips for Smarter BI

BUSINESS INTELLIGENCE

CIOs need to get smart about BI. IT leaders who can get actionable data to users quickly will provide the business with a competitive edge and prove IT's value. But extending the use of business intelligence throughout the organization remains a challenge. One reason: A lack of BI and IT skill sets continues to plague companies interested in taking BI to the next level, according to David Hatch, research director at Aberdeen Group. Part of the answer lies in providing more user-friendly BI tools. Hatch offers CIOs four tips:

1. Explore new ways of delivering business intelligence. One new method to try is BI accessed through a third party—software as a service BI or on-demand BI. Or, look for BI as an embedded capability within enterprise applications such as ERP and CRM. Users familiar with your enterprise applications may find such BI products easier to learn.

2. Integrate Web 2.0 into BI. Amassing historical data reveals trends, performance metrics and specific business calculations; these are the foundation of most BI efforts. But the ability to enhance that data with relevant and timely information found in blogs, comments and competitors' websites is becoming more important for delivering actionable information throughout the enterprise.

3. Give users tools they can learn to use autonomously. Start by establishing a group composed of both business users and IT representatives to collaborate on prioritizing user needs and choosing or developing BI tools.

4. Consider operational business intelligence. New offerings promise to automate data collection, assembly and delivery processes. To determine whether they're right for you, look for data generated by business processes that lend themselves to automated analysis.

—Diann Daniel



Here's Where Your Offshoring Dollars Should Go

OUTSOURCING Offshore IT services spending will grow 40 percent in the United States and 60 percent in Europe during 2008, according to research analysis firm Gartner. Where should those outsourcing dollars go?

Gartner used 10 criteria—language, government support, labor pool, infrastructure, educational system, cost, political and economic environment, cultural compatibility, global and legal maturity, and security and privacy for data and intellectual property—to compile a list of the top 30 global destinations for IT services by region.

Destinations in the Americas are most attractive to buyers in the United States. Canada led in seven of Gartner's 10 categories (it was ranked worst in the region labor costs). Latin American countries are increasingly valued for their Spanish-speaking employees, but IP and security concerns are more prevalent there.

In the Asia/Pacific region, China, India and Singapore all demonstrated strong government support of IT services, but China scored poorly on language skills. Political and economic risks are an issue with Pakistan, the Philippines, Sri Lanka and Vietnam. Higher-cost locations like Australia, New Zealand and Singapore led for cultural compatibility, global and legal maturity, and security and privacy for data and intellectual property.

Government support was generally low in Europe, the Middle East and Africa (EMEA). In that region, Ireland, Israel, Northern Ireland and South Africa garnered good scores for use of English. But the Czech Republic, Slovakia, Hungary, Poland and Romania got extra credit for alternative languages—attractive to continental European buyers. Slovakia and Romania, along with Russia and Ukraine, were low-cost leaders, though Gartner notes costs in the EMEA region are fluctuating.

—Stephanie Overby



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Going Green Gets Vendor Push

GREEN I.T. Major vendors, including Hewlett-Packard, Dell and Sony, are working to push through a legislative mandate in the U.S. to make it easier for users to recycle their consumer electronics.

The mandate calls on companies to cut consumer electronics recycling costs and to make reuse and recycling the highest priority when manufacturing products, said company executives during a panel at the International Consumer Electronics Show in Las Vegas last month.

The cost to consumers of recycling products is high, and some manufacturers have taken advantage of weak recycling laws to create products that cannot be effectively recycled or reused. Some companies have standards in place to make easy-to-recycle products, but others hope to drive down their own costs by adopting lower production standards, the executives said.

A legislative mandate would create a level playing

field for manufacturers, said Tod Arbogast, director of sustainable business at Dell. A common approach to designing for recycling will promote the production of such products and drive down manufacturing costs through effective product design and distribution. Production costs can also be cut through recycling and reusing materials. "There are significant economic benefits in doing so as well as significant environmental benefits," said Arbogast.

So what are the companies doing? Dell follows a Texas state law that requires PC manufacturers to dispose of products as easily as they are placed in the market. HP is adopting standards to recycle printers whose plastic doesn't convert to raw material. Sony is launching a program so customers can recycle consumer electronics for free by taking them to locations near its 56 Sony Style stores.

—Agam Shah

What It Takes to Get a Promotion in '08

The bar has been raised for IT executives seeking fame, fortune and a seat at the table. Bringing efficiency and managerial discipline to IT is no longer enough to guarantee a promotion. In 2008, to earn a coveted title change and raise, IT executives first have to prove that they're business leaders.

Anton Hios, vice president of Forrester Leadership Boards, says IT leaders need to run their departments as profit and loss centers. They also need to generate ideas for business growth and work with a business unit head to implement them. "Those will be things that get them the next notch in their career," he says.



Mok Choe

But that's not all. CIOs also need to solve business problems, not just technology problems, says Stephen Pickett, vice president and CIO of transportation services provider Penske and president of the Society of Information Management. "You

want executives coming to you with IT issues and issues that have nothing to do with IT because you're a good problem solver," he says.

Among the IT executives who have recently proved their mettle:

CIO **Mark Goldin** got the green light at prepaid debit card provider Green Dot in early January. He is now chief operations and technology officer,

responsible for voice and data networks, retail distribution, supply chain management and call centers.

Mok Choe, the senior VP and CTO of Union Bank of California, was made an executive vice president of the company in December.

Jon Bascom accelerated his career at AutoZone. The vice president of IT succeeded retiring CIO Ken Brame in January.

Kevin Kujawa's promotion from senior VP of IT to executive vice president and CIO at American Specialty Health in December put him on the company's senior executive team.

Jeremy Kraybill's customer focus got him his promotion to CIO at Boundless Network.

—Meridith Levinson

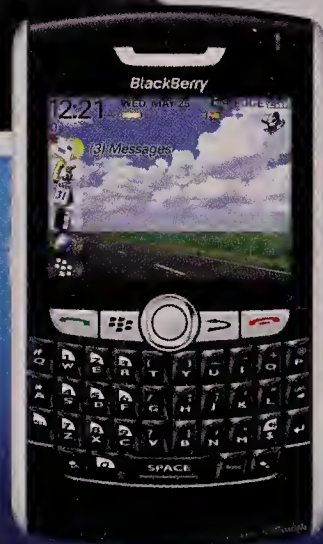


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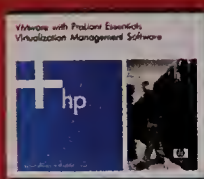
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Edited by
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SharePoint 2007 packs in a sometimes confusing array of features from workflow to search. Here's how to make this often-misunderstood product work for you.

SharePoint With a Little Bit of Everything

BY GALEN GRUMAN

COLLABORATION | As the technology partner (head of IT) at global law firm Bryan Cave, John Alber saw increasing resources being devoted to keeping multiple information systems integrated and the data flowing among them. Over time, the law firm brought in what it considered the best tools to handle tasks such as document repositories, e-mail management, conflict-of-interest databases and calendar management, to help attorneys and support staff research, collaborate and stay abreast of case developments. And keeping those tools working together was a necessary price to be paid. But now, Alber is implementing a different approach: He's using the new Microsoft SharePoint 2007 platform as the common system for many of these tasks.

Until the new version's October 2007 release, Alber wouldn't have considered SharePoint, since its previous incarnation didn't have the management chops he needed. Windows SharePoint Services and SharePoint Portal Server 2003 was widely considered a departmental tool good just for noncritical intranet sites and project-based file sharing, says Rob Koplowitz, a principal analyst at Forrester Research. But the new version brings in much of what an enterprise needs to manage documents, create project work spaces,

“You quickly get overwhelmed if you try to build a strategy around all of SharePoint’s capabilities.”

—Joe Mildenhall, CIO, Apollo Group

manage information repositories and tie into content management, analytics and search tools—all with IT-based control over security, access management and data structures.

“We’re all used to Microsoft getting it wrong, wrong, wrong and then getting it right,” notes Alber, “but SharePoint 2007 is a much better advance than you would expect even in that usual Microsoft pattern.” Bryan Cave is not a Microsoft shop, so Alber was open to options from a variety of providers. But he found that SharePoint 2007 was much less expensive—and often more capable—than legal-information management offerings from SAP and Oracle, and he judged it much more capable and user-friendly than IBM’s Lotus Notes-based collaborative tools such as Domino and Quickr (a Notes wiki tool.) But there’s also a lot of confusion about SharePoint 2007, notes Karen Hobert, an analyst at Burton Group. Part of that is confusion over the SharePoint name, which used to refer to the Windows SharePoint Services that come with Windows Server 2003 and let people set up intranet sites, document-sharing work spaces and schedules for individual projects. These services remain part of SharePoint, but new under the SharePoint umbrella is Microsoft Office SharePoint Server (MOSS), which handles the central management of sites, data repositories, access and security policies, workflows, search and other functions. MOSS is what shifts SharePoint 2007 into the enterprise class, Hobert says. “Together, these provide an information-management middleware for enterprises to use across departments, not just within them,” she says.

Auto pricing publisher Kelley Blue

Book is a typical example of why the management functionality is important, analysts and consultants say. Kelley’s IT staff had deployed the previous version of SharePoint to create departmental intranet sites and work spaces as needed for projects—and within a couple of years, about 100 separate sites had arisen. (Forrester analyst Koplowitz says he’s seen some companies with tens of thousands of SharePoint sites.) At Kelley, people no longer knew where to look for information or where to place it, recalls CIO Justin Yaros. But SharePoint 2003 didn’t allow for cross-site search or access management, so IT had no way to assert control. MOSS now brings that control, he notes, which is why he plans to adopt the technology.

But now there’s also confusion among IT professionals regarding what SharePoint actually does, since Microsoft has stuffed in analytics, search, Office-based forms and workflow automation, and content management capabilities into the previous file sharing, calendar management and site management features. “You can work it into almost anything,” which makes it hard to know where to start, says Trent Parkhill, director of IT services for consultancy Haley & Aldrich.

Start Smart

CIOs should resist Microsoft’s pitch for SharePoint as a solution for everything and instead match specific issues they have to specific SharePoint capabilities, then start with the most pressing of those, says Paul Hernacki, CTO of consultancy Definition6. “You quickly get overwhelmed if you try to build a strategy around all its capabilities,” says Joe Mildenhall, CIO of Apollo Group, an education provider best known for the University of Phoenix. “It

should be a phased approach,” advises Forester’s Koplowitz.

In practical terms, that means starting small with SharePoint, using it first to corral any existing SharePoint sites and work spaces and take advantage of cross-site search, then integrate it with Active Directory for security and access controls, says Andy Lin, ECM senior director at consultancy Primitive Logic. Then consider building out new sites and work spaces with SharePoint, perhaps replacing existing sites over time to provide a common user interface and reduce IT’s support burden, suggests Haley & Aldrich’s Parkhill. Analysts and consultants agree that the core SharePoint capabilities—file sharing, site management and other collaboration aspects—are where most companies will and should focus their SharePoint efforts.

After that, companies’ deployment strategies will likely diverge, based on the tools they have in place. Many will take advantage of SharePoint’s workflow automation capabilities to reduce labor across forms-oriented processes such as expense reporting. You can also use its Excel 2007-driven analytics capabilities to bring basic BI to more employees, says Burton Group’s Hobert.

Apollo Group is following just such a strategy, notes CIO Mildenhall, using SharePoint first for its intranet sites and work spaces, and then exploring the workflow and content management tools’ capabilities. So is Kelley Blue Book, notes CIO Yaros.

Beware a Few Gotchas

Note this, however: Despite the enthusiasm for SharePoint from CIOs such as Alber, Mildenhall and Yaros, none sees himself adopting all of its pieces. “It’s not an end-all, be-all even though it can do a lot of things,” says Yaros. “It gets you 70 percent of the way there really fast, but for the remaining 30 percent, you should look at purpose-built [third-party] tools,” he adds.



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As you connect non-Microsoft technologies to SharePoint, you can expect a bumpy ride. It “took a lot of work,” says Bryan Cave IT head John Alber, to get SharePoint to integrate with his search system.

Analysts and consultants agree that Microsoft’s search, ECM and BI capabilities are not likely to meet enterprise needs, at least not as the main tool in use. Smaller companies may find them to be good enough. Alber came to this conclusion for Bryan Cave’s search technologies, so he uses Recommind instead. Likewise, Haley & Aldrich’s Parkhill uses Coveo’s search engine instead of SharePoint’s across the consultancy’s 21 offices, even within the SharePoint intranet sites and work spaces.

Microsoft Baggage

Although SharePoint 2007 supports Web services and has hooks to data sources such as SAP R3 to pull information into central repositories (which it calls business data catalogs), using SharePoint fundamentally requires that you have a strong Microsoft core in place, notes Apollo Group’s Mildenhall. “Even if you’re not a Microsoft shop, you still need to use Office and Exchange,” he notes—and not using Active Directory will limit your security and access management controls as well.

The upside to buying into Microsoft’s goal of becoming a strategic component of your enterprise infrastructure is that “nothing else leverages Office and Active Directory as SharePoint does,” he says. And SharePoint also ties in well to Microsoft’s .Net and Visual Studio development tools to let IT make enhancements, says Definition6’s Hernacki.

As you connect non-Microsoft technologies to SharePoint, you can

expect a bumpier ride. For example, at Bryan Cave, it “took a lot of work” to get SharePoint to integrate with the Recommind search system, notes Alber. Primitive Logic’s Lin says his consultancy “struggled to get EMC Documentum working with SharePoint because the SharePoint interfaces are not so good.”

Ultimately, CIOs must ask themselves whether they want to bring Microsoft to the core of their collaboration and perhaps content management, BI and search strategies, says Forrester’s Koplowitz. “Any CIO should be cautious. There’s a lot to MOSS that we don’t know yet—for starters, how well it will scale in the real world. We’ll know in the next year what its real quality is as people put it through its paces,” Koplowitz says.

At Bryan Cave, Alber is not waiting, but he doesn’t just swallow the Microsoft Kool-Aid. “I’ve really tried to cherry-pick; I really try not to buy Microsoft’s promises wholesale.” The promise of SharePoint 2007 is strong, but the strategy of “trust but verify” remains essential, he says. **CIO**

Galen Gruman is a frequent contributor to *CIO*. To comment on this article, go to www.cio.com/article/169750.

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Are Your Users Getting a Good Deal?

If you want them to understand IT's value, you have to tell them exactly what they're getting for their money

All who remember how painful the budget process is understand that a CIO's negotiating power is, to a great extent, determined by how well clients understand the value they get for the money. There are three components to the concept of value: understanding exactly what IT delivers, believing that the cost is fair and evaluating the contribution of those deliverables to the bottom line.

In many cases, clients' poor perception of IT value is as basic as not understanding the full bundle of products and services that IT delivers. Sure, everybody knows that IT delivers desktop computers, network services, applications engineering and applications hosting. But many clients don't understand why IT has to cost so much just for that.

The problem is, many IT departments don't clearly define the specific products and services they deliver for a given level of funding. Typically, there's a lot more in that bundle than clients know. When the specifics are defined, clients come to understand why IT needs the budget that it does.

What the IT Budget Buys

There are two steps to understanding the list of products and services that the IT budget pays for.

First, IT must publish its product and service catalog. The catalog must be comprehensive and at a level of granularity that portrays specific client purchase decisions. For example, "e-mail" is too broad. A fully defined catalog would distinguish a basic e-mail account, extended storage and BlackBerry forwarding as three distinct services.

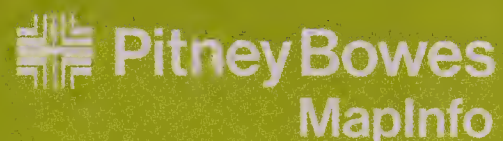
Second, IT must define exactly what subset of that catalog the budget pays for, and in what quantities. For example, it might forecast the cost of basic e-mail for everybody, extended storage for only the customer service department and BlackBerry forwarding only for executives. And it might forecast the cost by application for each major project, for repairs and patches and for discretionary enhancements. Breaking out the budget in such a way makes it clear exactly what IT delivers and what it doesn't.



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Only clients can vouch for the value they receive from their IT purchases. IT can ensure that clients are in control of what they buy.

Said another way, the budget must forecast more than spending by expense code for each manager. It must include the full cost of all clients' purchase decisions.

Is the Price Fair?

The next question is, Am I getting a good deal? Answering this question requires benchmarking against the market.

It's not enough to compare the internal IT budget to other companies using statistics like percent of revenues or total cost per desktop. This doesn't take into account the unique configuration of technologies within the company, or the unique needs of the business. IT must be able to answer the question, What would this exact bundle cost if bought from vendors rather than staff?

The easiest, but least accurate way to assess this is to benchmark the entire bundle all at once. This involves adjusting industry-average IT expenditures based on the attributes of your bundle that make you unique, such as the number of servers, users and transactions.

There are two problems with this approach. First, it cannot distinguish an inefficient IT department from a highly efficient one. Second, the data does not tell you which IT product lines need cost reductions. A more accurate and useful way to benchmark IT is by product, based on unit costs.

All costs (including all indirect costs) must be amortized into those rates. It's misleading to allocate fixed costs and then claim

that rates based on only direct (or marginal) costs are competitive. But be careful not to amortize into rates costs that are separate from the delivery of those products and services.

One example is corporate-

good services like standards and technology advice. These services have their own price. Another example is capital for IT-owned infrastructure. These costs should be depreciated, and only the depreciation expense goes into rates.

Value and the Bottom Line

The final question of value is at the higher level: Does IT contribute to business value? To optimize its contribution to the bottom line, IT must install processes that ensure two things: that the enterprise is spending the right amount on IT, and that the IT budget is spent on the right things.

What is the right amount to spend? The answer is not found in industry averages, nor in what was spent in prior years. The

optimal amount to spend on IT is determined by funding investments until the marginal internal rate of return drops to the weighted-average, risk-adjusted

cost of capital. The enterprise should fund all the good investments, and no more.

Obviously, "keeping the lights on" is a good investment. Beyond that, services and projects should be scrutinized to be sure they pay off. Only clients can vouch for the value they receive from their IT purchases. So what can IT do?

First, IT can ensure that clients are in control of what they buy and are accountable for spending the IT budget wisely. This means implementing a client-driven portfolio-management process. That means more than ranking projects on a wish list. Clients must work within the finite checkbook created by the IT budget as well as understand the deliverables that they will get. Thus, true portfolio management is predicated on the above steps of defining IT's catalog, costing it and presenting a budget in terms of the cost of its deliverables.

Second, even if clients know the costs of their purchases and are working within the limits of their checkbook, they'll make better purchase decisions if they understand the returns on technology investments. IT can help clients estimate ROI of their proposed purchases. The cost side of the ROI equation was handled by calculating a budget by deliverables and rates. The remaining challenge is to quantify the benefits. Cost-displacement benefits (which include both cost savings and cost avoidance) are easy to measure. The real challenge is measuring the so-called "intangible" strategic benefits.

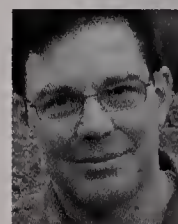
One Step at a Time

The question of IT value is fully addressed when:

1. IT has defined its product and service catalog, associated all its costs with its products and services and calculated rates that can be compared with the market.
2. Clients understand what they're getting for their money and can control it by deciding what they will buy from IT.
3. IT can assess the value of clients' IT purchases by measuring the benefits.

The first step may settle questions of value in many organizations. Next, a client-driven portfolio management process can be implemented. Finally, as clients grow in their ability to manage the IT checkbook and look for ROI calculations to fine-tune their judgments, IT can help with strategic benefits measurement. **CIO**

N. Dean Meyer is founder of business strategy consultancy NDMA. Contact him at dean@ndma.com. To comment on this article, to go www.cio.com/article/161150.



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STRATEGIC PLANNING in the REAL WORLD

Everyone agrees that having a strategic plan for IT is a good thing, but most CIOs approach the process with **fear and loathing**. In fact, the majority of CIOs—and the enterprises they work for—are **faking it** when it comes to strategic planning. **Isn't it time we all got real?**

BY STEPHANIE OVERBY

OH, IT MUST BE NICE to be the CIO of a FedEx or a GE or a Credit Suisse. Places where IT and the business are so tightly aligned you can barely tell the two apart. Where corporate leaders understand that IT is a strategic asset and support it as such. Where the CIO is encouraged to spend the majority of his time on the Big Picture. If one works in that kind of IT Wonderland, getting a good strategic plan down on paper is probably a snap.

Reader ROI

- :: How to overcome the obstacles to strategic planning
- :: The business benefits of having a strategic plan for IT
- :: How CIOs can drive the planning process

But the vast majority of CIOs work in places where the business itself may not have a clearly articulated strategy. Where corporate leaders don't care too much for IT, much less value it strategically. Where the CIO's time is devoured by day-to-day operations and there's little time left to look beyond the next few months. If one lives with that kind of tactical IT reality, getting a good strategic plan down on paper is practically impossible.

Which is to say that for most CIOs, putting together an IT strategic plan—that annual road map to guide IT through the



Michael Jones,
CIO of the National
Marrow Donor Pro-
gram, calls an IT
strategic plan "*the*
business case for IT."

next 12 months and beyond—is dauntingly hard. (For more on what should go into it, see “Anatomy of an IT Strategic Plan,” on Page 33.)

But while the odds may be stacked against the average CIO, the truth is that those IT leaders who don’t master the art of strategic planning won’t last long. “The purpose of the IT strategic plan is to improve the business-IT relationship. A CIO needs it to communicate with the business, to tell them that he understands the company’s needs and to set expectations,” says Alex Cullen, Forrester Research vice president and research director. “A CIO can’t succeed without it.”

Michael Jones, CIO of the National Marrow Donor Program, calls it “*the* business case for IT.” Here’s how you can overcome the four most common obstacles to penning that increasingly critical document.

Business Plan? What Business Plan?

The cardinal rule in developing an IT strategy is to connect it to the business strategy. “The business should have desired outcomes—market share gains, higher customer satisfaction levels, shortened cycle times,” says independent IT analyst Laurie Orlov. “IT has to figure out where they factor into that.”

But for all the whining CIOs have had to endure about how IT needs to be more strategic, the businesses they support are often in even more dire strategic straits. “Businesses very often don’t have a strategy. Or they do, but it’s very high-level and vague. Or they reserve the right to change it. Or they have *some* strategies, but they don’t apply to all the business activities taking place,” says Forrester’s Cullen.

So CIOs operating in strategy-free organizations are off the hook, right? Wrong. “It’s the ultimate cop-out for CIOs to say they can’t do an IT strategy because the business doesn’t have an articulated strategy,” says Orlov. Fuzzy business goals present a challenge, but smart CIOs should see that as an opportunity. “People in the business are very

TALES FROM THE **DARK SIDE** OF I.T. STRATEGIC PLANNING

Forrester VP and research director Alex Cullen has seen all kinds of IT plans—the very best and the very worst. And he keeps files of both. “Most of them are pretty flawed,” he says. One of the worst included a history of computing from 1960 on. Avoid these mistakes to make sure your next plan doesn’t end up in his bad file.

The Doorstop Plan

This is not *War and Peace*. Aim for 15 pages, says Gartner VP Dave Aron, who saw one IT plan weigh in at 250 pages. Consider PowerPoint instead of Word as your medium of choice, says Cullen. It fosters brevity. And limit it to 25 slides.

The Shelfware Plan

There’s nothing as worthless as what Aron calls the “write once, read never” plan. “The strategic plan needs to be a living thing,” says IT consultant Laurie Orlov. To avoid seeing your plan become shelfware, keep the people who helped create it involved, have it handy and refer to it often. “One CIO I know starts every meeting with a strategy moment: He asks, How will our business win and how does this meeting help?” says Aron. “He had to cancel the meeting the first time because no one could answer the question. But everyone thought about it before the next.”

Don’t Wait ‘Til Next Year

Strategic plans “require regular revalidation and refreshment,” says Orlov. Michael Hites, CIO of New Mexico State University, updates his three times a year.

The Devil Really Is in All Those Details

Details don’t belong in the strategic plan. It should be a stake in the ground, says Orlov. This is the year we introduce social networking tools in order to accomplish X, Y or Z. It shouldn’t include hard dates or product selections. “People start to turn strategic plans into project lists,” says Cullen. “Then they don’t know where to stop.” If you feel you must include operational plans, put them in an appendix.

Carved in Stone and Just as Heavy

“You don’t want to go the ‘we-agreed-to-that-and-we’ll-never-change-it’ route,” says Orlov. Expect the unexpected. “What if the company suddenly makes an acquisition or there’s a leadership change?” Cullen asks. Want to really elevate your plan? Include scenario or contingency planning.

The English As a Second Language Trap

Too many IT strategic plans are written in jargon. You’re setting a direction for IT to support the business. Do so in business terms. “IT people that highlight buzzwords and product names are only doing an IT plan for their own department,” says Orlov. Throw out the IT lingo. Connect your goals to key business drivers.

One Size Doesn’t Fit All

It sounds like a lot of work now, but it will save you time later: Create customized versions of your plan to address the differing needs of the plan’s audiences—the executive team, the IT department, business unit heads and vendors/partners. At the very least, create a customized introduction or executive summary. The goal, says Cullen, is to have one strategy and several ways of presenting it.

Shooting for the Stars

Keep it real. “Don’t be too ambitious in your first plan,” advises Cullen. “Don’t try to change everything.” When it doubt, underpromise and overdeliver. —S.O.

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KI VP of IS
Vicki Petit:

"We can use what's in [the strategic plan] to justify IT's direction or say no to a project instead of just reacting to what users want."



focused on operations or other minutiae," says Dave Aron, vice president and research director for Gartner Executive Programs. "IT can help the business articulate what will help it win and how IT fits into that. Then you go from just being an order taker to actually influencing overall strategy."

Opportunity Knocks

Michael Hites knew the lack of vision at New Mexico State University (NMSU) would be a challenge. "If you don't have the highest level plan in place, even the best IT strategic plan won't work," explains Hites. "I've seen it; I've lived it." When he became CIO in 2003, NMSU's plan was no different from any other school's. So Hites's first IT strategic plan was standard and risk-averse. IT plodded along doing good work but nothing particularly strategic. In the absence of a more ambitious university plan, there was nothing to anchor a real IT strategy, says Hites. "If you stick your neck out [in

that environment], the university may or may not be behind you," he notes.

But then a funny thing happened. After several years of bugging people about the lack of a strategic plan for the university, Hites last year was put in charge of strategic planning for the entire university and named vice president of planning and technology.

Hites and his team have lots of great ideas—about \$15 million worth of them, he says—but his organization is "funded to the tune of half a million a year." The question he's faced with each year is "how to spend that little bit to do something strategic. If the university has the 'mom-and-apple-pie' strategy of 'helping students succeed' or 'increasing research,' anything you do is going to foster those objectives. And you can never be sure you're making the right choices. But if a university steps out on a limb and says, 'We will have best online education program in criminal justice in world,' then *that* becomes the strategic focus."

When IT Drives the Bus

"It can be appropriate for the CIO to help push business along in terms of strategy," says Forrester vice president and principal analyst Bobby Cameron. And that doesn't necessarily mean the CIO taking on a second full-time job. When Kelly Clark joined Exante Financial Services, a financial services provider for the healthcare industry, he wanted to change the IT strategic planning process.

"Generally, it's done at the end of the year," explains Clark, Exante's CIO. "You look at the budget, see you have X number of dollars and figure out what you can do. It's reactive." Clark wanted a proactive process, a "business overlay that said, here's what the market is looking for, here's what we have, here's what we need." Exante had a business road mapping process but no business and systems strategy, so Clark told his CEO and CFO they needed one. And they bought it. "So off we went," says Clark. "We created an enterprise strategic plan and IT became a piece of that."

Bethesda Lutheran Homes and Services (BLHS), a faith-based provider of services for individuals with developmental disabilities, was a couple years into a five-year organizational strategic plan when Brian Tennant became its CIO. But the plan was strategic in name only. "It was generic: Be the best and grow by this amount," recalls Tennant. "But it was unclear why they picked the growth number or how they would measure it. And they hadn't paid much attention to whether it was on track. Nothing was grounded in reality."

Frankly, that didn't matter much to Tennant at first. BLHS had acquired Orange County, Calif.-based Good Shepherd Communities in 2005, which increased its size by two-thirds, and there was a "whole pile of modernization to do," recalls Hites, including adjusting the core ERP system. Even with an overarching business strategy, IT's mission was clear: Integrate and upgrade.

Now that all that work is wrapping up, Tennant knows it's time to create a plan to guide his department of 10 through the next three to five years. But Tennant's not

waiting for the 105-year-old organization to come up with a new five-year plan specific enough to guide IT; he's helping shape it.

"I see myself as a member of the senior management team who just happens to be in charge of IT," says Tennant. "So I'm taking the opportunity to weigh in early and weigh in on all disciplines, not just my own."

Senior leaders, Tennant included, are vetting the new plan with the board, operating divisions, donors and families of those to whom they provide aid. The goal is to create what they're calling "strategic positioning statements," such as attracting a younger demographic as donors or expanding services or creating financial stability.

"I'm already starting to think about how IT will fit into those goals," says Tennant.

Starting from Scratch

Ask Vicki Petit, vice president of information services for KI, a \$700 million office furniture manufacturer, what word she associates with IT strategic planning and she doesn't miss a beat: "Work," she answers, with a sigh.

Petit faced a double challenge when she became KI's VP of IS eight years ago. KI didn't have a business strategy and no one had ever thought about creating one for IT. Forrester's Cullen gets lots of calls from CIOs every year around spring-

time, and about half of them are just like Petit, starting from scratch. (The other half are dissatisfied with their current plan.) "[CIOs] all know they need one, but they're not sure what it is or what they want to achieve or where to start," says Cullen.

Petit spent her first few years on the job waiting for the business to decide what its strategic plan was. But what it delivered wasn't a plan; it was a tome. She waded through KI's 200-page "corporate strategy book" searching to find something that IT could align with. "The business strategy was communicated in mostly operational objectives," says Petit. She wanted to create a long-term road map that would guide IT beyond the next year, but it was difficult to tie that to the nitty-gritty tactical goals that passed for business strategy.

Still, Petit knew she had to put some kind of stake in the ground, if only to make the following year's strategic plan a little easier. And every year since, she's put an IT strategic plan on paper, updating it and grading the IT department on its progress after six months, improving the process as she goes. And now her boss, the CFO, requires a similar strategic plan each year from all departments.

"Oh they love me," she jokes. But the plan has proven invaluable. "We can use what's in there to help us justify IT's direction or say no to a project instead of just reacting to what users want."

George Lin also had to go from zero to 60 on strategy. When he became CIO of Dolby Laboratories last April, he found a "fairly rudimentary" IT plan in place. But unlike Petit, he benefited from what he characterizes as a very strong business strategic planning process. Dolby has a multiphase "funnel" approach to strategic business planning. All the good ideas generated by the company's more than 1,000 employees come in and the senior management has a governance process for narrowing them down to a manageable number of initiatives for the year.

Lin plans to introduce a similar process within IT, inviting broad input into the strategic plan and putting in place a

ANATOMY OF AN I.T. STRATEGIC PLAN

Your plan should focus on business needs, the ability of IT to meet those needs, how to close any gaps, how decisions will be made and how to measure progress.

Timing: Most IT leaders will want to start thinking about the IT strategic plan in the spring to best position themselves for the budgeting cycle. An IT organization's first strategic plan can take anywhere from three months to a year to write.

Time Frame: The plan should cover three to five years, with the most focus on the next 12 to 18 months unless there is a longer-term project on the table.

Medium: Word document and/or PowerPoint presentation. Create an abbreviated version that you can turn to anytime someone has an issue or question. (Novel idea: Consider a podcast if you're operating in a distributed or global organization.)

Length: 15 pages. Or less. If using PowerPoint, 25 slides. Or fewer.

Executive Summary: The plan should begin with a summary targeted for the business audience.

Scope: High-level goals and plans for all areas of information technology that affect the business, not just the infrastructure. A road map for IT is useful in illustrating overall strategy.

Business Context: Lay out the specific business drivers, assumptions and plans that informed the IT strategic plan. (For example, the business is planning to acquire smaller companies so IT's plan is to focus on integration technologies.)

IT Principles: Short statements of purpose that will guide IT decision making and implementation.

Metrics: Put measurements of progress in place when you create the strategic plan instead of waiting for review time to figure it all out. The goal is not precision but the ability to measure appropriate progress toward goals.

Review: You should review the plan and revise it as necessary at least once during the fiscal year. A full review should happen in the spring. —S.O.

“business infrastructure steering committee” to select those with the most promise. “It’s what I’ve done everywhere I’ve been,” says Lin, who previously held IT leadership roles at Advent Software, Documentum and EMC. “The IT strategic planning process should tie into the existing business strategic planning process. That creates buy-in from the business.”

Without that, Lin says IT suffers. “Before I became a CIO, I saw the downside of an IT organization whose strategic plan was not aligned,” says Lin. “IT was putting a lot of good effort into projects the business didn’t want or appreciate. It becomes a morale issue,” he says.

Tennant plans to mirror BLHS’s new business strategy process when he creates the organization’s first-ever IT strategic plan this year. Those “strategic positioning statements” the corporate team was developing? IT will have some, too. “They won’t be, ‘We’re going to grow our staff 25 percent’ or ‘We’ll upgrade to Watson version 9.0’ like it has been,” says Tennant. “It could be, ‘We’re going to move in the direction of self-service,’ which could apply to our staff or the people we serve or our vendors. Or ‘We’re going to leverage adaptive technology to improve the lives of the people we serve.’”

The Dangers of Going It Alone

KI’s Petit was happy to have created her first IT strategic plan in 2003 but she knew it wasn’t ideal. She had come up with her own idea of what IT should focus on, with little business input.

“The first pass was really just internal to IS in order to create some principles for how we wanted to operate and specific objectives,” says Petit.

But, as Orlov warns, “IT strategic planning can’t be done in a vacuum. The CIO can’t just have an offsite and brainstorm what to do.” Petit understood that and has been trying to tie IT’s strategic plan to business goals, such as they are. “It was a tough transition to make,” admits Petit. “But the IT strategic plan is more or less the only vehicle we have to communicate the value we provide to the company so

we don’t want to be seen as off there on our own island doing our own thing.

“A better model would be to work with functional leaders and get their take on what we should be doing,” Petit acknowledges.

Petit’s not involved in crafting business strategy, but she’s got a way around that. “We’ve built a stakeholders’ chart and we’re starting meeting with them. We ask them: What are you measured on? What affects your business? We’re getting more two-way communication going.” Contrary to popular belief, a CIO

doesn’t have to have the proverbial “seat at the table” to involve the business in IT planning. In fact, says Cullen, involving the business in IT strategic planning “is a way to *earn* that seat.”

“One of the big mistakes made when it comes to creating an IT strategic plan is that people model it after a kid who goes off into his bedroom to do his homework and then shows it to his teacher the next day,” says Gartner’s Aron. “You have to engage the business throughout the process of creating the plan.”

Lin has created IT-business partner roles at Dolby to get input on strategy year-round. “It happens not just on the executive levels but throughout the company. And not just once a year at budget time,” says Lin. This year, IT wanted to set IT infrastructure standards for the com-

Bethesda Lutheran Homes and Services
CIO **Brian Tennant**:
“I see myself as a member of the senior management team, so I’m taking the opportunity to weigh in early and weigh in on all disciplines.”



How to Engage the Business

Toyota CIO Barbra Cooper offers suggestions on how CIOs can get involved in **STRATEGIC PLANNING** at www.cio.com/article/108251.

cio.com

pany as part of the annual plan. "Instead of IT making the decision, we asked the business infrastructure steering committee to delegate people to a standards subcommittee," Lin relates. With that kind of model, Lin no longer has to sell his strategic plan to the business. Now, "The committee we present it to is actually involved in creating it," he says. If the business isn't involved, the most well-intentioned, well-conceived IT strategic plan can go south in a hurry. "You show the plan to the business, they nod their head, say, 'Sounds like a good plan you've got there, go do it,'" says Forrester's Cullen. "Meanwhile they're thinking, 'Why'd you tell me this? It doesn't involve me at all. And don't ask me for money for it because it's not linked to business needs.'" Devoting 10 pages of the strategic plan to IT's goals for Web 2.0 might seem like a good idea within the IT department. Problem is, the CFO you're presenting it to is upset that his e-mail box is restricted to 100 megs and "you end up with the thing CIOs are most afraid of when they present their plan: people scratching their heads," says Cullen.

Hites now holds an annual IT planning conference at New Mexico State in October, meeting with a crowd of about 100 IT and university leaders. Last fall, they spent a lot of time talking about what Facebook and MySpace meant for the school and whether the curriculum should be integrated with such social networking sites. He started these conferences at the Illinois Institute of Technology.

"Before that, we did planning only internally," says Hites. But that generated "some tension and was interpreted as, central IT wants us to do this while we want to do this other thing," says Hites. "It was ineffective."

Bringing the business into the strategic planning process doesn't have to be as formal a process as Hites's. Jones of the National Marrow Donor Program does it by having conversations with stakeholders. "I talk to people from the C level on down to the basement. I ask them how things are operating, what works well, what doesn't work well," he says. He then asks people in IT the same questions,

which either validates his accumulated information or reveals disconnects that need to be explored.

These conversations help Jones "connect what's in the IT plan to the everyday needs of people in business terms."

"The CIO can go to peers and say, 'What do you expect from IT? What's the importance of technology?'" says Cullen. "If the answer is, 'I don't know what I

want because I don't know what you're capable of,' then that may be the focus on the IT strategic plan this year: defining the role of IT."

"If you walk in with a blank sheet of paper, you may walk out with a blank sheet of paper," says Aron. "Instead say, 'We think you're in *this* kind of business, *this* is what it will take for you to win and *this* is what IT can do to help you. Is that right?'"

FOUR STRATEGIC PLANNING MYTHS—DEBUNKED

Technology changes so fast, planning no longer makes sense.

"The IT strategic plan has the same value it always has," says IT consultant Laurie Orlov. "Planning never goes out of style." If your strategic plan were simply a laundry list of projects (see "Anatomy of an IT Strategic Plan, Page 33), yes, you'd be in trouble. "However, if a strategic plan operates in support of the business, it will never go out of date," says Forrester VP and research director Alex Cullen. "And the faster business moves, the more important it is."

A strategic plan should be good for five years.

"A few years ago, people approached the IT strategic plan the way old communist China did its five-year plans. Five years later, it's time to do another one," says Cullen. But no matter how good your crystal ball, it's awfully hard to be accurate when you're looking five years into the future. Another problem: You never get really skilled at strategic planning because you do it only twice a decade. A strategic plan can cover a five-year span, but the focus should be on the first few years and the plan should be revisited at least twice a year. "It should be a process," says Cullen, "not an event."

The smaller your IT budget, the less you need a strategic plan.

How hard can it be to figure out how to spend \$500,000 a year? Pretty hard if you want to make sure you're focusing on initiatives that will support the business. "If you're on a limited budget with limited resources and you don't have a plan, you're not going to succeed," says Michael Hites, CIO of New Mexico State University and a man with a half-million-dollar IT budget. "You won't be able to keep up with technology change because you'll never know which changes to follow."

You can't create a strategic plan for IT because your business doesn't have a strategic plan.

The business can float along without a clear strategy (or one that covers all areas of its operations) but IT can't. Fuzzy business goals present a challenge but smart CIOs can use that as an opportunity to help the business define itself. Some, like Hites, have taken on corporate strategist roles as a result. Even if the business is in the midst of change, you're still not off the hook. "A business can be in a state of flux but it's never stalled completely," says Orlov. "If you're observant, there are probably things right in front of you that are business objectives that can't be achieved without IT."

—S.O.

"Most organizations **DON'T ASSIGN I.T. STRATEGIC PLANNING** to someone as a full-time job. Hence, it doesn't become a discipline, **IT BECOMES A BURDEN**. But once positions were open, **WE FOUND PEOPLE WERE ITCHING TO DO IT.**"

—CIO KELLY CLARK, EXANTE FINANCIAL SERVICES

"It's not bad to get it wrong," Aron adds. "Sometimes a wrong or controversial hypothesis will get them talking." For example, a bank CIO could walk in to the VP of customer service and say, "From what I understand, the bank is going to succeed based on its superior understanding of the customer, so we think IT should focus on analytical customer relationship management." That VP may say, "No, we're going to win those customers by being low-cost." Now the CIO has something solid around which to build an IT strategic plan.

Excuses, Excuses

Given the choice between creating an IT strategic plan and having a root canal, many CIOs would choose the periodontist. "No one would say they love doing it," says Orlov. "[But] it's a pause for thinking and a divergence from reacting and responding."

However, many CIOs find it impossible to pause. "I hear that a lot: 'I'm too busy with the day-to-day.' 'I spent time on that last year and it was pointless,'" says Forrester's Cameron. And with the increasing complexity in IT (see "Strategies for Dealing With IT Complexity," www.cio.com/article/158356), the dread surrounding strategic planning has grown. "At the moment, you have these three tectonic plates converging in IT: the need for growth and innovation, continued cost discipline as a result of the credit crunch and IT's changing role in the business," says Aron. "With those three things pushing against each other, strategic planning can get very complicated."

But if strategic planning is like getting a root canal, remember: You endure the pain now in order to prevent a greater agony later on.

"[Strategic planning is] the one tool

CIOs can use to communicate the value of IT," says Orlov. "It's something that can shore them up and arm them when people challenge them about what IT is doing. So you have to set aside some quality time for that."

During her last six-month evaluation of IT's progress, Petit gave her department an A for being a lost-cost, high-value provider of IT services but a D on working with the product development team to incorporate technology into KI's furniture products. "We had a goal to have an innovation group within the IT department and that hasn't happened," says Petit. "We spend a lot of time operationally and less time looking into the future."

Not surprisingly, Petit has trouble making time for planning. "It's a struggle," she says. "It's so easy to get dragged back into daily operations because we're staffed so lean and mean."

To fight that pull, Petit keeps a bar chart taped to her computer screen tracking how much time she's spending with other managers, talking to external peers, meeting with vendors. Anything *not* project- or operations-related counts. The goal is to hit 32 hours a month, or 20 percent of her time (although she tracks it in minutes, 1,920 of them) spent planning. "In bigger companies, where the CIO role is more strategically focused and people wear one hat, strategic planning is probably a lot easier," she guesses. "But in small to midsized companies, we have to wear a lot of hats."

Her boss, in theory, supports her efforts to spend more time thinking strategically. "But when it comes down to whether you're going to do something about strategic planning or the network is down," she says, "you're going to take care of the network."

Exante's Kelly says that if strategic planning is important, IT needs to put

its money where its mouth is. "Often, the problem is financial," Kelly says. "Everything is focused on capital expenses."

Kelly says he has invested in people and processes to make sure the IT strategic plan remains a priority. "You need a dedicated team," he says. "Most organizations don't assign IT strategic planning to someone as a full-time job. Hence it doesn't become a discipline; it becomes a burden." But Kelly made strategic planning the full-time responsibility of his directors. "Once the positions were open," he says, "we found people were itching to do it."

"Someone in IT should be thinking about IT strategy most of the time," agrees Orlov. "And their job the rest of the time should be making sure they're connected to everything that's going on in the business."

If an IT leader (or his reports) can set aside extra time for strategic planning now, the theory is that it will become an organic part of their lives and interactions, less like a series of appointments that you'd just as soon cancel.

And it *will* get easier.

"If you did a strategic plan for the first time last year, you'll find that this year it takes less time. And next year will be even better," says Cullen. "You can focus more time on discussions with people and less time on the mechanics of putting it together."

"It could even become the part you like best about your job because that's where you can talk about what you want to do and why it matters to the organization."

And that's fun. Which is why strategic planning isn't really like a root canal. Root canals have no fun parts. **CIO**

Senior Editor Stephanie Overby can be reached at soverby@cio.com. To comment on this article, go to www.cio.com/article/173600.

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WELCOME TO THE **Generation Wars**

As Boomer bosses relinquish the reins of leadership to Generation X, both are worrying about Generation Y. For the good of the enterprise, everyone needs to do a better job of getting along.

BY STEFF GELSTON

Think the generation gap went out with bell-bottoms and love beads?

Think again.

Take a good look around your IT department. Who's that cohabiting in the cubes outside your door? Boomers and X-ers and Y-ers. Looks peaceful out there, doesn't it? Don't bet on it. What many CIOs fail to see are the generational tensions simmering among their employees that threaten to lower morale, increase turnover and hobble the IT department's ability to produce wins for the business.

"One of the big struggles companies have is with people who are not playing well in the sandbox," says Jim Lanzaletto, vice president of strategy and marketing for Yoh, an IT talent and outsourcing services firm. "And it's more pervasive when we talk about the situation we have between the generations."

Relations among the generations seem to be at a low point. Gen Y (defined as people born after 1982) thinks Gen X (spawned between 1961 and 1981) is a bunch of whiners. Gen X sees Gen Y as arrogant and entitled. And everyone thinks the Baby Boomers (1943 to 1960) are self-absorbed workaholics.

None of this generational trash-talking surprises Linda Gravett and Robin Throckmorton, authors of *Bridging the Generation Gap*, which advises managers on how to minimize conflicts and miscommunication among the different age groups in order to get everyone working together.

"We had a sense that there was tension," says Gravett, a human resources consultant. "This was confirmed in our research. We found there was a lot of generational tension around the use of technology and work ethics."

Working Hard or Hardly Working?

Gravett says their research showed that 68 percent of Baby Boomers feel "younger people" do not have as strong a work ethic as they do and that makes doing their own work harder. Thirty-two percent of Gen X-ers believe the "younger generation" lacks a good work ethic and that this is a problem. And 13 percent of Gen Y-ers say the difference in work ethics across the generations causes friction. They believe they have a good work ethic for which they're not given credit.

Technology is another flashpoint. In a survey conducted for job site CareerBuilder.com last year, nearly half the respondents noted Generation Y's preference to communicate via blogs, IMs and text messages, rather than on the phone or face to face, methods preferred by Boomers and Generation X. Technologi-

cally facilitated communication can feel abrupt and easily be misunderstood by Boomers and Gen X-ers.

"I don't need a Gen Y-er texting instead of building business relationships," says Mark Cummuta, who has served as a divisional CIO and director of business systems and information security for Platinum Community Bank. "They run the risk of eroding what we've been doing to build a relationship of trust between the business and IT."

Why the Flashpoint Is Now

Generational clashes in the workplace are nothing new. What *is* new is the extent to which the retirement of the Boomers will leave employers scrambling to recruit and retain the talent they need. The American Society of Training and Development is predicting that 76 million Americans will retire over the next two decades. Only 46 million will be arriving to replace them. Most of those new workers will be Generation Y-ers.

No wonder that managing the generations effectively is emerging as one of the CIO's most important challenges.

Cummuta has experienced this challenge firsthand. "Dealing with these generations is part of your job as a manager and a leader," says Cummuta, who writes a blog for CIO.com.

CIOs, however, often focus more attention on technology and process than on staff. Yet people are arguably a CIO's most vital assets. IT departments need a high-octane mix of talent to deliver the improvements and innovation necessary to keep the business competitive. That mix can combust if IT leaders don't understand and respect the needs of each generation of workers.

To address the workforce challenges of the future, CIOs must transition their departments now. This means preparing staff and addressing issues that may be preventing, discouraging or undermining their ability to work in a collaborative manner.

"In the Marines, you can't be selective; you have to take everyone," says Cummuta, who served in the Corps. "Then, you have to build a cohesive team. As a CIO, you have to do the same thing."

Best Practices for Managing the Generations

CIOs have to acknowledge the generational tensions their employees may be feeling. To get everyone working together,

Reader ROI

- The points of conflict among the generations
- Why the generational divide has reached a flashpoint
- The CIO's role in bridging the gap

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Best Practices for Managing the Generations

CIOs have to acknowledge the generational tensions their employees may be feeling. To get everyone working together,

they need to understand the unique strengths and weaknesses of each generation and identify the points of friction among them.

To jump-start that process, we've put together a package of stories that explore this IT generation gap. In "They're Gen Y And You're Not" (this page), leadership consultant Deborah Gilburg profiles what's been called "the most high-maintenance, yet potentially most high-performing generation" ever and outlines best practices that can help CIOs recruit, manage and retain this technologically skilled pool of young workers.

But that's just part of the solution. In "Come Together" (Page 43), Gilburg argues that to effectively manage Gen Y, CIOs need to get Boomers and X-ers to acknowledge the biases they've formed and how that can get in the way of managing an incoming generation that requires strong, focused leadership from them both. To that end, she offers suggestions for how CIOs can get their Boomer and X-er managers to collaborate with their increasingly Gen Y staff.

Of course, it's important to remember that generalizations about the generations are just that. Age defines a demographic, not a person. We are, after all, talking about millions of individuals here, each with his or her own unique set of work and life experiences.

"You have to pay attention to individual personalities," says Cummuta. "Knowing the individual is far more important than thinking about what generation they belong to."

Don't think of it as bridging a gap; think of it as aligning the generations. And alignment is something that CIOs have had a little practice with.

Senior Editor Steff Gelston can be reached at sgelston@cio.com. To comment on this article, go to www.cio.com/author/105953.



They're Gen Y And You're Not

Gen Y knows its 2.0 technologies better than you do. But these high performers are also high maintenance. Here's what makes them tick and how to make that work for you.

BY DEBORAH GILBURG

MEET YOUR NEW TALENT POOL: GENERATION Y. TO ATTRACT THE best and brightest workers from this group, the CIO needs to understand what makes them tick and how to maximize their skills for the benefit of the IT organization.

So who are they? Millennials, as they are sometimes called, were born between 1982 and 2005. Common (read, Baby Boomer and Gen X) wisdom holds that they possess an outsized sense of entitlement, they're not shy about speaking out, they don't take criticism well and they're technologically sophisticated. *Fortune* recently called them the most high-maintenance, yet potentially most high-performing generation ever to hit the workforce because they're coming in with more information, greater technological skills, and higher expectations of themselves and others than prior generations.

Those skills and expectations should make them ideally suited to today's demanding, diverse and dispersed global workplace. They're used to seeing the world as a vast resource of connections and community. They're smart and driven to make a difference. They typically demand fast-track career advancement, positive feedback, training and cutting-edge technologies to enhance their productivity. And they insist on greater work-life balance; they don't want to be slaves to their jobs the way their Boomer parents have been.

CIOs need to look past the stereotypes in order to understand and manage these new workers. Just as importantly, CIOs need to figure out how to help older generations to bring out the best in Generation Y. (See "Come Together," Page 43.)

What Makes Generation Y Different?

A generation is shaped by the events and circumstances its members experience at certain phases in life, beginning

with childhood, according to generational theorists William Strauss and Neil Howe. Common generational traits initially develop as a result of social attitudes toward children and child-rearing norms at the time.

Gen Y kids were born when there was tremendous reinvestment in childhood development and an increase in parental involvement in their kids' daily activities. Millennials have grown up leading heavily scheduled lives, moving from one adult-led activity to the next. Their parents continue to play major roles in their lives as they enter adulthood. This trend is best exemplified by the phenomenon of "helicopter parents"—those hovering moms and dads who ensure that their children receive SAT coaching, help with college acceptance essays and job applications, and keep the pressure on educators and employers to advance their offspring's interests.

Generation Y is also the product of the self-esteem movement that swept public schools in the 1990s and proclaimed that all children are winners; there are no losers. Consequently, members of Generation Y repeatedly have been told that they're special. They've received acclaim for all activities in which they participate and as a result tend to expect a continuous flow of praise from authority figures (parents, teachers, bosses) to encourage their efforts and validate their accomplishments. Raised under the umbrella of Baby Boomer idealism, Millennials were taught that they can make (and are expected to make) a difference. From staging mock elections and running recycling drives in the classroom, they're entering the workplace with a strong sense of civic investment and social responsibility and expect the same from the organizations for which they work.

Workplace Weaknesses and Strengths

The upbeat, civic-focused, self-involved Gen Y attitude is beginning to manifest itself in the workforce. As new recruits,

from cio.com

Gen Y: OUR TIME IS COMING

"I think Gen X-ers are just upset about their reign ending in the workplace and jealous of how quickly Gen Y will surpass them.

I think all you 'old folk' are just bitter that you're unable to take full advantage of the technology that's all around us. Get over it and learn to use it!

You old folk began the developments. Fine. But it's old news now and we Gen Y-ers are going to take full advantage of what we have before us and develop communication and technology in the most efficient way. You should learn from us since we are the ones who are able to multitask and be productive no matter where we are. We aren't going to settle for anything less than what we want and we shouldn't have to!"

they expect and demand attentive management from supervisors and regular, appreciative acknowledgement whenever their work merits it (and sometimes when it doesn't). At the same time, they often struggle with processing failure and criticism because they've been protected from feeling unsuccessful.

The high degree of adult oversight and praise Gen Y-ers received as children has left them reliant upon external direction and regular appreciation from bosses and supervisors. Confronted with unclear guidelines or minimal management, they tend to flounder, unable to determine on their own the direction they need to take. They expect others with more authority to give it to them. Left to figure things out on their own, Millennials may retreat to lesser tasks that lie within their comfort

from cio.com

Gen Y: WE'VE BEEN DISSED

"I am in the overlapping years between Gen X and Gen Y. We are thought of as the ones (within Gen Y) that have the potential to be the next leaders. **I can say that we are not receiving any training and guidance from either the Boomers or Gen X-ers.** We will never be let into that club. Slowly a critical mass is emerging from my generation to create a different method of thinking. We will make our own club. Boomers and Gen X-ers need not apply. We will take care of ourselves and gain our own knowledge base as you are unwilling to share."

zones. As a result, Gen Y is struggling as it enters a workplace where employees are expected to hit the ground running and learn on the job.

Gen Y's strength lies in its technological sophistication. Digital communication is this group's birthright. It grew up in an on-demand world where access to information is immediate. Technology has been and remains an integral part of Y-ers' daily lives, even to the point of facilitating their relationships. The good part of this is that they possess the tools and understanding needed to work with the information systems that run companies today and to address the challenges of working in virtual teams on complex problems. Raised to be team players, they are well suited for collaborative work environments. The downside is that the technology that facilitates their communication also limits it. Face to face, Gen Y may lack the interpersonal skills Boomers value so highly.

Working to Live, Not Living to Work

Employers have noted Generation Y's distaste for working late nights, driving long commutes and any other "face time" expectations that are not backed by a strong rationale. It wants a workplace that accommodates its desire for balance between professional and personal pursuits and offers structure, direction and acknowledgment.

Given the law of supply and demand, younger, skilled employees are going to have their choice of employers. To compete for these workers, CIOs need to align their organizational policies and structures to this generation's strengths, weaknesses, desires and expectations.

When you stop to think about it, is there anything wrong with the Millennials' wish for meaningful jobs and socially responsible employers, for attentive supervisors who give clear direction and appreciate a job well done, and for a healthy work/life balance? Generation Y's workplace expectations can benefit

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Boomer: LET'S GET ALONG

"I built my first computer (yes, with a soldering iron) in 1971 and have made a very good living in technology for 32 years. I'm not planning to retire any time soon. **I hire folks of all ages and, if forced to generalize, I would say I'm not at all impressed with the typical Gen Y work ethic.**

My impression is that the sense of superiority and entitlement they bear is a showstopper to real productivity. They tout their collaboration skills—if you count IM-ing and Facebook as collaborating—but their attitude toward "old folks" is anything but collaborative. Intelligent people of all ages recognize that there's something to be learned from every person and every situation."

everyone, especially world-weary Generation X-ers who continue to fight an uphill battle against Boomer managers for more flexible, family-friendly work arrangements.

Here are some categories, ideas and best practices for HR policies, management tactics and training initiatives to help you recruit, retain and manage Generation Y.

Up the Organization

Put a fresh spin on benefits. Consider policies that allow for flextime, telecommuting and incentives that will permit talented candidates to advance quickly through the corporate ranks.

Support consumer technologies. IT departments currently struggle with the management and security risks posed by consumer technologies entering the workplace. This challenge will only intensify as

more Millennials enter the workforce. IT departments need to accommodate these new technologies, not fight them, because Millennials gravitate toward organizations that harness the best IT and want access to the hardware and software they use in their personal life, whether that means Google Apps, Macs or T-Mobile SideKicks.

Commit to socially responsible causes.

Due to its civic orientation, Gen Y will be attracted to organizations that pursue socially responsible missions along with profits. Y-ers want to know what their employers are doing to protect the environment, promote social justice, maintain diversified workforces and support global responsibility. They will want to see a real commitment to socially responsible causes, not just lip service.

The Joy of Feedback

Millennials need mentors to show them the ropes. Taking a cue from the popular television program *Who Wants to Be a Millionaire*, they need a lifeline to help them learn what's expected of them professionally, the ins and outs of the corporate culture, how to process constructive feedback instead of discounting or withering under it, and how to increase their self-motivation and problem-solving skills. Sink or swim is not a successful strategy when it comes to Gen Y.

Managers must also explain to these employees the big-picture purpose of the organization and how their role serves that purpose. This is common in some IT organizations that go to great lengths to communicate how everyone's role supports both the business and IT strategies. In addition, consider implementing:

New-hire orientations. Gen Y will require much greater up-front investment than their Gen X predecessors who were required (and preferred) to figure things out on their own.

Frequent check-in meetings with managers. Millennials thrive with attentive supervision. Managers will increase their motivation and productivity by

scheduling regular meetings with their Y's to answer questions, give feedback and review work progress.

Focus on Soft Skills

Gen Y benefits most from hands-on, team-based training as opposed to lectures or textbook work. Experiential training gives these workers the opportunity to make and process mistakes in a safe environment. Three specific areas to focus on are:

Self-development training. Millennials will benefit from a greater understanding of their strengths and limitations and how to adapt their behaviors to get what they want. They'll learn to handle feedback, develop the flexibility to lead and be led and cultivate the internal motivation needed to succeed.

Talking the talk. Generation Y has grown up with e-mail and in chat rooms, so it tends to rely heavily on technology to communicate. This may serve it well in virtual team environments, but it needs to know the communication expectations of the workplace and which medium is most appropriate for a given situation.

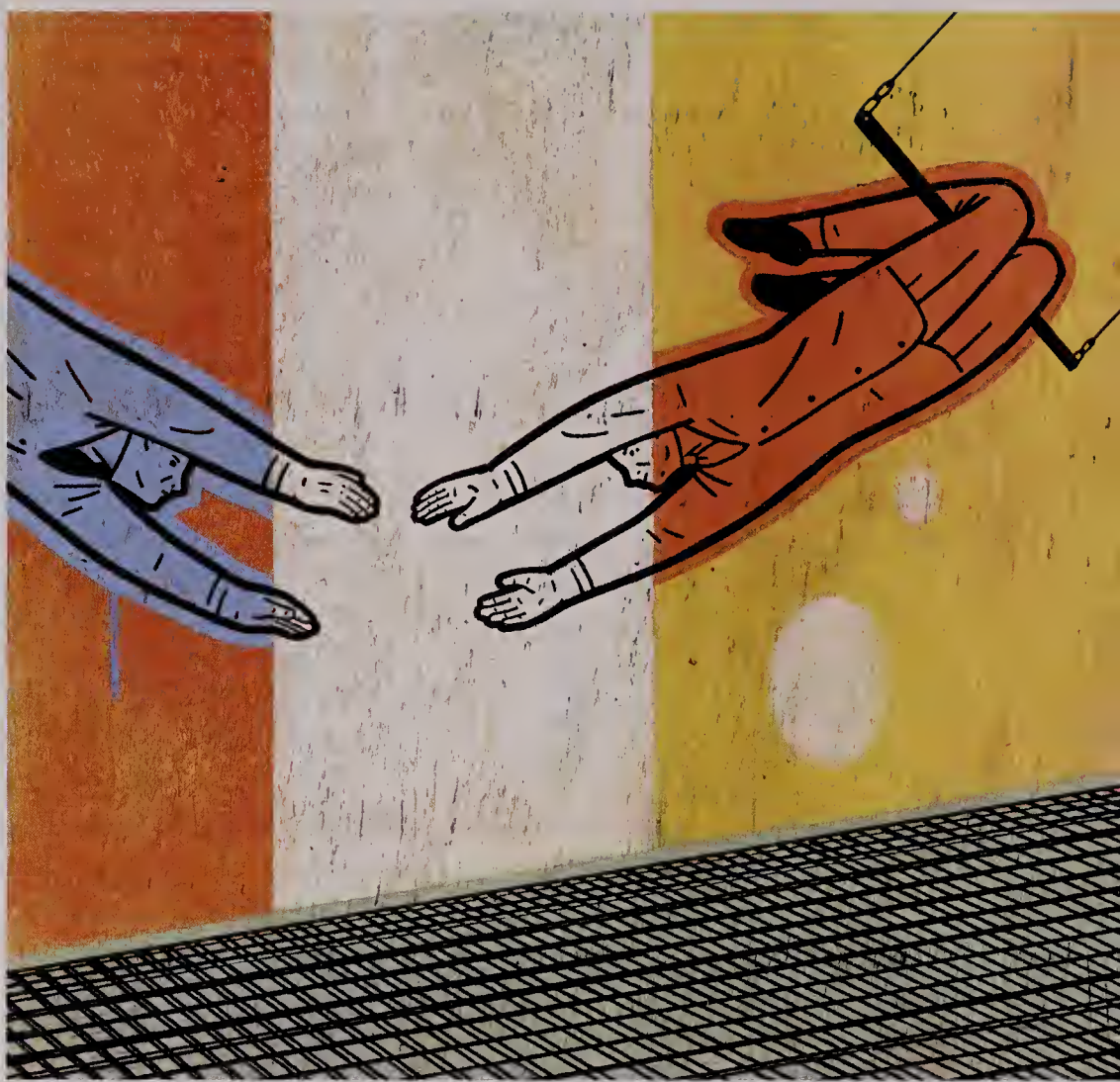
Collaborative problem solving. Training will help Gen Y address complex issues in an environment where time, oversight and conventional solutions are at a premium.

What's in It for You

CIOs who can find the right mix of policy, structure and training for Generation Y recruits will be able to unlock their potential and retain their loyalty. Teaching them how to analyze and tackle complex problems and helping them become more tolerant of critical feedback will give them the tools they need to succeed in the workplace. Given the support of the older generations, Gen Y-ers can become a catalyst for a better workplace future for everyone. They may require a lot of attention, but they're worth the effort.

And in truth, as a CIO, you don't really have a choice. It's your responsibility to secure the future of your organization. And indisputably, Gen Y is the future. **CIO**

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Come Together

Boomers and X-ers must join forces to tackle the twin challenges of leadership succession...and managing Gen Y.

BY DEBORAH GILBURG

THE UNITED STATES IS ON THE BRINK OF A HISTORIC transition. The largest generation in our history—some 77.5 million people, according to the AARP—will begin exiting the workforce at an accelerating pace over the next five years. Over the next 15 years, workplaces will shift to a new generation of leaders. That's right: The Baby Boomers, born between 1943 and 1960, are entering their final season.

This changing of the guard poses a profound management problem. Members of the generation in line to succeed the Boomers, Generation X, born between 1961 and 1981, have been poorly equipped by their organizations (and their Boomer bosses) to assume the responsibilities they will

from cio.com

Gen X: BOOMER ARROGANCE

"Gen Y isn't the only generation that faces problems with older generations. I'm early Gen X (born 1967), and grew up hearing how my generation was made up of slackers. Nothing could be further from the truth.... **In my experience, the Boomers have a tendency to feel that any generation following theirs is lacking in some way.** A good title for them might be 'The Arrogant Generation.'"

inherit. Left to rely upon their own savvy (and often preferring it that way), X-ers will be stepping into leadership roles largely without the benefit of the institutional and political knowledge possessed by the Boomers. The Boomers have not been good about sharing their knowledge and experience; Generation X has not been good about tapping into it.

This impending knowledge loss is further complicated by the biased assumptions each group has formed about the other. These assumptions generate conflict, undermine trust and inhibit cooperation between these two generations as they tackle the twin challenges of leadership succession and the need to recruit and retain incoming Generation Y.

CIOs need to consider the generational diversity within their workforce and devise ways to help their staffs bridge their differences. Today, like it or not, that's an essential part of the CIO job.

The Old Guard

Today, 65 percent of all national leaders are Boomers, including the president. By contrast, 2005 data indicates that Gen

X holds only 7 percent of national leadership posts, almost half less than the percentage held by Boomers in the same stage of life. In the business world, the average age of top CEOs is 56, according to executive search firm Spencer Stuart; the CIO's average age is 47, according to CIO's 2008 "State of the CIO" survey (for more on CIO demographics, go to www.cio.com/article/163700).

As leaders, Boomers are passionate about changing organizations to reflect their principles and vision. They have acquired the industry connections, networks and political skills needed to wield power and make deals. But some Boomer leaders lack both tolerance for dissent and the discipline to see transitions through.

Boomers are typically unaware of the subtle differences between their generational culture and those of younger generations. With a mind-set that emphasizes competitiveness and self-actualization, Boomers typically have failed to recognize their responsibility to mentor and prepare their successors. For example, some organizations are choosing to invest in short-term solutions, such as retirement postponement incentives to keep knowledge-rich Boomers in the workplace longer rather than invest in training and development initiatives for future leaders. Yet, the valuable lessons and insights Boomers have accumulated about leadership in complex times are precisely what the self-made Gen X managers will require to round out their leadership portfolios and tackle the business challenges of the 21st century.

Here They Come, Ready or Not (Emphasis on Not)

Gen X-ers have been a transient workforce, averaging a three- to five-year life span in any one organization. X-ers typically are technologically savvy, pragmatic and competent; they are efficient at managing themselves. As veterans of an era of corporate downsizing, they tend to think of themselves as free agents, frequently distrusting corporate motives and gran-

diose change initiatives. Having received very little workplace training, development or mentoring, they have learned to rely on their own resourcefulness and their ability to adapt to the quickly changing landscape of the information age.

Generation X has notably different values from the Baby Boomers'. For example, as members of the original "latchkey kid" generation, many believe family time is so important that they often give greater importance to maintaining a good work/life balance than to career advancement. This means opportunities for flextime, part-time work and telecommuting are very appealing to them. As a generation, however, X-ers have spent their lives managing their own small sphere of influence and as a result are relatively unskilled and inexperienced at harnessing their generation's collective power to make substantive changes to the current work culture.

Gen X-ers as a group need to understand the importance of these skills as a means to successfully confront the leadership challenges the future poses. As leaders, they will need to learn how to

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Gen X: THE BOOMER BOSS

"The major reason why many Gen X-ers (like myself) are not in line for leadership opportunities is because of the **absolute selfishness and short-sightedness of Boomers who have dominated the workforce** for the past two decades. Boomers have refused to share their knowledge, mentor and develop us while we were in the early years of our career development. The lack of Gen X leaders in many of the organizations today is the direct result of Boomers' refusal to support us in the first place."



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amplify their influence by developing the networking and political skills that have served Boomers in order to build inclusive, collaborative and innovative work environments. And they will need to find the personal motivation to invest in the

organizations they will be leading.

Given that most organizations have done little to prepare X-ers for leadership, those X-ers are likely to find themselves suddenly in the driver's seat and expected to steer organizations through complex, chaotic and uncertain terrain without many of the critical skills their Boomer bosses have failed to share with them.

what others want will foster greater participation, commitment and cooperation from your employees.

Examine assumptions about workplace norms. Consider the long-term value and practicality of holding tight to such Boomer assumptions as, "24/7 availability is nonnegotiable," "Face time is necessary for advancement" and, "You need to pay your dues as I did." Assumptions like these can be seen as inarguable truths, regardless of their intrinsic value to organizations and the people who work for them. Allow for the possibility that workplace norms can shift, and adapt to meet changing times.

Acknowledge generational biases. Unaddressed, these biases can spark conflicts and misunderstandings; they can be destructive to the organization. Conversely, once they're acknowledged and aired, they can generate creative conversation and reveal compatibilities that exist alongside the differences. Amplify

from cio.com

Boomer: STILL ALPHA

"If you think Baby Boomers are clueless...**dude, we wrote the apps you're using today, and we continue to guide the Generation X guys and gals who are writing the next generation of apps.** Try sitting in the seat of the CIO and CEO and see what you look like from their perspective."

What CIOs Must Do

CIOs need to bridge this gap between Boomers and X-ers or run the risk that intergenerational backbiting will keep IT from delivering for the business. Boomer leaders who wish to avoid an "après moi le déluge" scenario should consider these tactics for aligning the generations:

Ask and ye shall learn. Find ways to talk with your teams about the future. Seek to discover values that can be shared by the generations and connect your mission and goals to them. Expanding your vision for the future to include more of

The bulletproof vest of the IT action hero.

from **cio.com**

Gen X:
OUR TIME IS NOW
"Honestly, if you Gen Y-ers and Boomers keep up the bickering, it may be great news for my career.

I may be hailed in the next few years as the great facilitator and communicator in business, bringing you two groups together, before you Boomers disappear with all that institutional knowledge. So you wanna bicker? Go ahead."

small successes by rewarding collaboration and intergenerational engagement.

Take a stand for collaboration. Endorse, promote and reward collaboration on a regular basis. Successful experi-

ences will foster mutual respect between Boomer and X-er workers and a more united and innovative workplace.

Get serious about knowledge sharing. Take time to identify vital knowledge and devise ways to share it. That could include developing intentionally intergenerational teams to work collaboratively on key projects, shadowing exercises, introductions to valuable contacts and the debriefing of key decisions. Knowledge sharing should cut both ways. Encourage Boomers to share their contacts and their institutional understanding of the organization with X-ers; invite X-ers to share pragmatic insights and implementation tactics with Boomers.

Invest in younger generations. Their success is your success. Dedicate resources and training to fill their gaps in knowledge and experience. As Generation Y enters the workplace, it will require regular oversight and strong leadership to be successful. Gen X-ers will likely be

the frontline management for this young talent pool, and to do the job well they will need the support of their Boomer bosses.

Smart CIOs can start to prepare their organizations for the future by helping their staff recognize the dynamics of generational differences in order to address blind spots, recognize important areas of compatibility and foster the intergenerational partnerships required to address the future. **cio**

Deborah Gilburg is a principal of Gilburg Leadership Institute, a leadership development firm specializing in generational dynamics and organizational succession planning. To comment on this article, go to www.cio.com/article/28475.

Generation Next

For more on **GEN X** and leadership, go to www.cio.com/article/103503.

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IDEAS & INSIGHTS FROM THE CIO EXECUTIVE COUNCIL :: WRITTEN BY RICHARD PASTORE

Continental Divides

THE CIO EXECUTIVE COUNCIL

We seem to have reached a point where virtually every CIO is a global CIO—a leader whose sphere of influence (and headaches) spans continents. The global CIO's most common challenge, according to CIO Executive Council members, is managing global virtual teams. The council's European members, representing Royal Dutch Shell, Galderma, Olympus and others, commissioned a globalization playbook that collects and codifies best practices in this and other globalization challenges. Some of its findings are presented here.

In an ideal world, HR policies across the global IT team should be consistent, fair and responsive. Titles and reporting structures (if not compensation) should be equalized. But as Jay Crotts, CIO of Royal Dutch Shell Lubricants, points out, "The world may be flat but HR terms and conditions are not." Global consistency must allow for and align with local laws and cultural norms. Not an easy task. In addition, the cost of living varies considerably by region. So from an HR standpoint, a one-size-fits-all model is unworkable. Besides the struggle for consistency, CIOs must find ways for remote teams to stay connected to the heart of the business.



**Michael
Pilkington**

Best Practices for Remote Management

Obtain local HR expertise. Companies must have a local HR person in each country to deal with local laws. "Hiring, firing and training obligations must be managed very differently in each location; you need someone with local expertise on the laws and processes," says Michael Pilkington, former CIO of Euroclear, the Brussels-based provider of domestic and cross-border settlement for bond, equity and fund transactions.

Create job grade consistency across regions.

Euroclear is moving toward a job evaluation methodology from The Hay Group, an HR consulting organization, that organizes job types into vertical categories, such as managing people/process, product development, business support and project management. This provides a basis for comparing and managing roles and people across locations. For instance, someone managing 100 people may appear more important to an organization than a single contributor. But if that single contributor's horizontal grade (in terms of impact on the company) is very high because of some special expertise, he or she may be equally valuable. Grade level is not the same thing as a title; people's titles are much more subject to local conventions.

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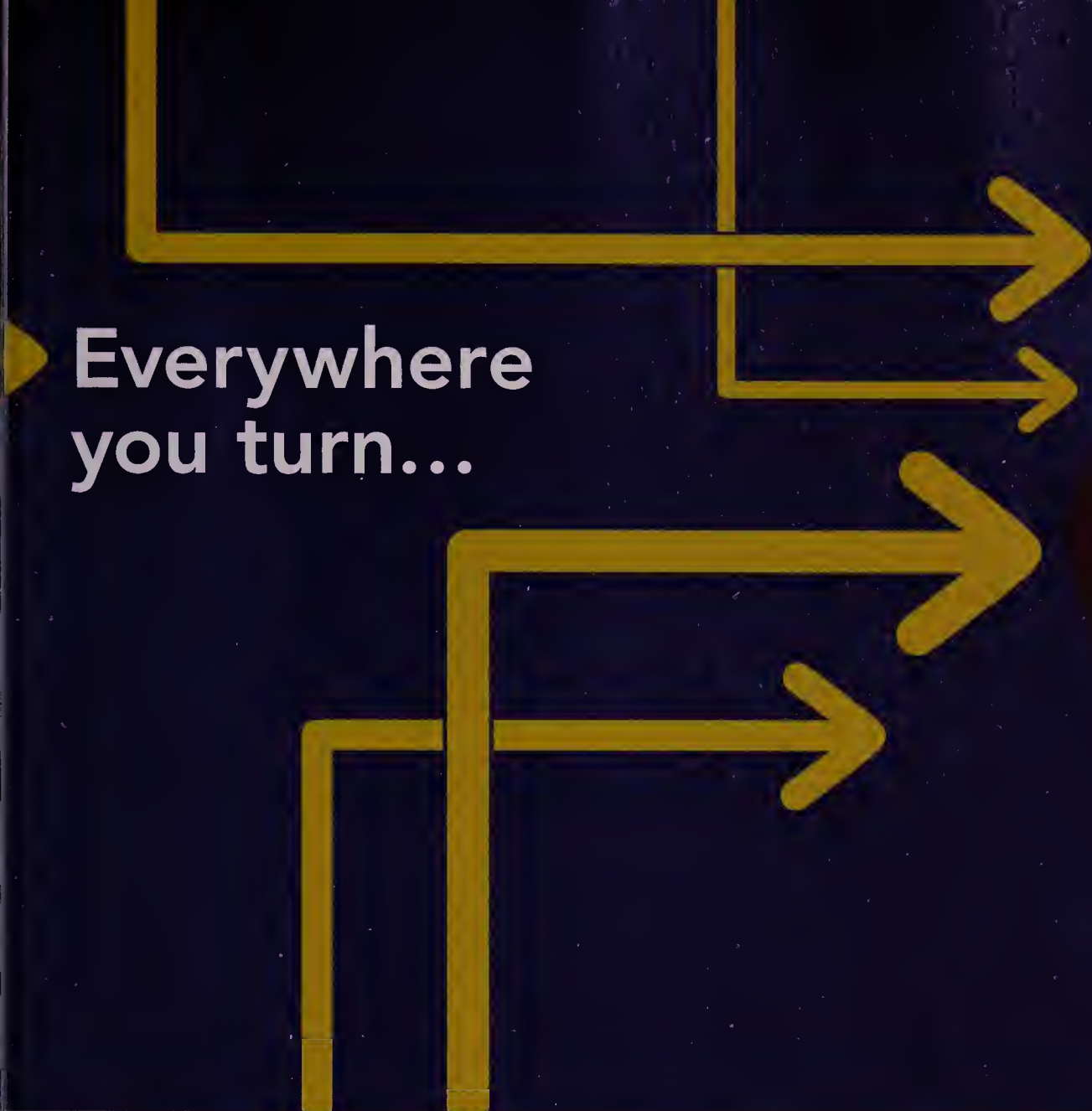
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Global Challenges

CIO Executive Council members were asked to rate various globalization challenges in terms of their relative importance and scope. This ranking is based on the percentage of respondents rating the challenge as very important and of worldwide scope.

Challenge	Very Important	Worldwide Scope
1. Managing virtual teams	70%	70%
2. Consolidation	61%	70%
3. Centralized/decentralized system decisions	61%	65%
4. Organizational structure	43%	70%
5. Leadership/ownership/governance	48%	61%
6. Global vendor partner selection	35%	65%
7. Privacy regulations	35%	48%
8. Outsourcing vs. insourcing	35%	48%
9. Intellectual property and knowledge management	30%	52%
10. Cultural issues and appropriate behavior	30%	43%

SOURCE: CIO Executive Council poll, May 2007



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Where's My Boss?

Q: Should remote staff have local managers or is it viable to have their direct managers located in another country or even another continent?

A: Look at where your employees are on their maturity curve as to whether they need local management. If you're developing a new organization, you should use a decentralized staff management model because you must have a very active and engaged local leadership that can manage the growth and development of the new employees. Alternatively, if you have a lot of senior folks at a site, it's OK to let them have a remote leader.

—Cathie Kozik, corporate VP of supply chain IT, Motorola

To keep morale high and turnover low, be sure that each remote location contributes to important projects.

—Cathie Kozik



Continental Divides

Continued from Page 48

Manage dispersed staff as portfolio teams. ON Semiconductor has IT staff that support sales in Slovakia, where ON has a factory; in Hong Kong, where ON has a major sales office; in Shenzhen, China, where a customer service center is located and in Kuala Lumpur, Malaysia, at its regional development center. ON overcomes potential disconnects by having a single sales IT portfolio owner, based at headquarters in Phoenix, who sets objectives and distributes work to the members of that team no matter where they reside, explains CIO David Wagner. The same portfolio technique can work with IT staff dedicated to any global corporate function.



David Wagner

Make the work meaningful. To keep morale high and turnover low, be sure that each remote location contributes to important projects. Don't send remote workers a steady diet of maintenance. Pilkington suggests building a center of excellence in each remote location. "By making each location a service provider for the enterprise, you mitigate the risk of that location feeling disconnected and unappreciated," he says. "Having a senior management presence in each location is a critical success factor."

Clearly defining the roles of remote groups can also help knit them together. For example, global company leaders can hold meetings at all levels to discuss the distinct purposes of corporate headquarters, the regions and the local units. Knowing what their roles are in the larger picture and what they can expect from others "creates a sense of identity and purpose," says Nariman Karimi, senior VP and CIO of DHL Asia Pacific.

In Kuala Lumpur, ON Semiconductor's application maintenance staff asked for more responsibility beyond the support they were providing. So ON shifted more application development work to that location. Since then, "there has been very little turnover in Kuala Lumpur, and our project cycle times have improved in many cases," Wagner notes.

Bring remote staff to headquarters. ON Semiconductor brings its foreign-based employees to the U.S. to work on key initiatives and interact with other business units at corporate headquarters. "This may not be a monetary reward, but in many cultures it represents an endorsement and source of pride," says Wagner.

Foster communication across regional boundaries. Video conferencing is an obvious tool to enhance global team communication. But it's important to have in-person meetings as well. At DHL, Karimi, together with the regional board members, visits one of the top 10 sites around the Asia Pacific region each month; each gets at least one personal visit a year. The visits include time for the local unit to showcase itself and there is also unstructured time for informal and personal interaction. **CIO**

Richard Pastore is managing director, content development, for the CIO Executive Council. Send feedback on this article to www.cio.com/article/174750.

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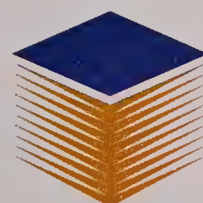
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BUSINESS TECHNOLOGY LEADERSHIP

Open-Source Software: Just a Means to an End

Adoption is a tactic for executing critical projects, not a strategic initiative

Two-thirds of enterprise decision makers are interested in using open-source technology, according to a survey by Forrester Research. But few large companies view it as a must-have.

Forrester solicited opinions from 2,252 North American and European software decision makers, 45 percent of whom were from large enterprises. Analysts Michael Goulde, John Rymer and David D'Silva, authors of the report, conclude that open source is not a high priority for strategic software initiatives. It appears to be "more of a tactic for achieving the high-priority initiatives."

Only 23 percent identified open-source adoption as a priority or critical priority.

Decision makers flagged enterprise collaboration strate-

66% are interested in open-source software.

88% worry about security.

gies, Web 2.0 technologies (such as blogs, wikis and RSS) and service-oriented architecture among their major software initiatives.

The report notes that open-source alternatives are available in each of those areas, and Forrester

advises enterprise decision makers to consider them.

Barriers to adoption of open-source software persist. Among companies that are either planning to pilot or are currently piloting open-source software other than Linux, 79 percent are concerned about the availability of service and support for the software, and

88 percent worry about security.

Past Forrester surveys asked about adoption of Linux and all other open-source software collectively. But this year, respondents were asked to distinguish between Linux and other open-source software.

**A critical priority?
Only for 23%.**

Results show that Linux "accounts for a large portion of production deployment." Excluding Linux, only 17 percent of North American and 21 percent of European respondents are currently using open source.

Linux aside, only 17% of North American and 21% of European users deployed open source.

Contact Senior Online Editor Esther Schindler at eschindler@cxo.com. Find more Data Points at www.cio.com.



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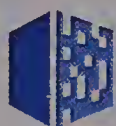
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